

## Message Text

LIMITED OFFICIAL USE

PAGE 01 TEHRAN 05608 261221Z  
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 EA-07 /025 W  
-----091319 261236Z /45  
R 231034Z JUN 77  
FM AMEMBASSY TEHRAN  
TO SECSTATE WASHDC 3239

LIMITED OFFICIAL USE TEHRAN 5608

E.O. 11652: N/A  
TAGS: BEXP IR  
SUBJ: SAR CHESHMEH COPPER REFINERY

REF: (A) TEHRAN 4303, (B) JUNE 9, 1977 LETTERS FROM SOUTHWIRE  
CO. TO AMB SULLIVAN AND MESSRS BREWIN AND WESTLEY (POUCHED  
NEA/IRN)

1. SHINODA OF MITSUI INFORMED COMATT THAT ON JUNE 22  
HE HAD RECEIVED LETTER DATED JUNE 19 FROM TAVAKOLI OF  
IRANIAN COPPER COMPANY INFORMING HIM THAT REFINERY  
CONTRACT HAD BEEN AWARDED TO COMPETITOR, I.E., KRUPP-  
MECHIM. ACCORDING TO SHINODA LATTER HAVE QUOTE "MORE  
ECONOMICAL BID". UNQUOTE

2. SHINODA SUBSEQUENTLY VISITED TAVAKOLI NOTING THAT  
US-JAPANESE BID APPROXIMATELY \$8 MILLION LOWER AND OF  
AT LEAST AS GOOD QUALITY FROM TECHNICAL STANDPOINT.  
TAVAKOLI APPARENTLY RESPONDED BY ASSERTING THAT THE  
DECISION HAD COME FROM A HIGH LEVEL (UNSPECIFIED).  
SHINODA SAID HE HAD TELEXED ABOVE INFO TO TOKYO FOR  
COMMENT AND PROMISED TO SUPPLY EMB WITH A COPY OF LETTER  
FROM TAVAKOLI. LOCAL KRUPP RE WAS INFORMED BY TAVAKOLI  
IN LETTER DATE JUNE 19 THAT KRUPP HAD WON THE AWARD.

3. THIS CASE, WITH WHICH THIS EMB HAS  
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BEEN CLOSELY INVOLVED FOR MUCH MORE THAN A YEAR, HAS  
COST THE US-JAPANESE GROUP MANY HUNDREDS OF THOUSANDS  
OF DOLLARS IN TRAVEL AND TECHNICAL COSTS, AND IS  
ILLUSTRATIVE OF THE PERILS OF DOING BUSINESS IN IRAN.  
WITH THE GOI'S ACQUISITION OF 25 PERCENT INTEREST IN  
KRUPP--POSSIBLY EVEN EARLIER--IT SEEMS TO HAVE BEEN  
ORDAINED THAT THE AWARD WOULD FAVOR THE EUROPEAN GROUP,

AND THAT THE US-JAPANESE CONSORTIUM WAS ENCOURAGED TO  
CUT COSTS AND REVISE ITS SPECIFICATIONS AT GREAT LENGTH  
ONLY FOR USE AS BARGAINING COUNTERS IN DISCUSSIONS WITH KRUPP.

4. IN CALLING UPON MINISTERS ANSARY AND NAJMABADI,  
THE AMB PLANS TO BRING THIS REFINERY CASE TO THEIR  
ATTENTION NOTING THE DISREGARD OF IRANIAN AND  
INTERNATIONAL NORMS IN THE GOI'S HANDLING OF THIS  
INTERNATIONAL TENDER AND POINTING OUT THE LIKLIHOOD THAT  
WELL-QUALIFIED US COMPANIES HENCEFORTH WILL BE  
RELUCTANT TO BID UPON SIMILAR PROJECTS. SUCH AN APPROACH  
MAY AT LEAST BE OF ASSISTANCE TO FUTURE US BIDDERS  
IF OF LITTLE AVAIL TO SOUTHWIRE IN PRESENT INSTANCE.

5. ACTION REQUESTED: DEPT SHOULD INFORM COFER OF  
SOUTHWIRE OF LETTER FROM TAVAKOLI, ALTHOUGH IT IS PROBABLE  
THAT HE HAS ALREADY BEEN INFORMED VIA OTHER CHANNELS.  
EMB WILL REPLY TO SOUTHWIRE LETTER OF JUNE 9.  
SULLIVAN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977TEHRAN05608  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Reference:** 77 TEHRAN 4303  
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**TAGS:** BEXP, IR  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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